

ENERGY AND ENVIRONMENTAL SERVICES, INC.

6300 Boucher Drive
Edmond, Oklahoma 73034
Telephone: 800-635-7716

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

June 6, 2019

To the Shareholders:

Energy and Environmental Services, Inc. (“EES” or “We”) will hold an Annual Meeting of Shareholders (the “Annual Meeting”) on Thursday, June 6, 2019, at 11:00 a.m., CT, at the Hilton Garden Inn / Edmond Conference Center, 2833 Conference Drive, Edmond, Oklahoma 73034. The Shareholders will meet to consider:

- (1) Electing five directors to serve until the 2020 Annual Meeting of Shareholders; and
- (2) Ratifying the selection of Hogan Taylor LLP, as independent auditors of the Company for the year ending December 31, 2019.

The record date for the Annual Meeting is April 10, 2019. Only Shareholders of record at the close of business on that date can vote at the Annual Meeting.

We hope you will attend the Annual Meeting. ***If you do not plan to attend, we still want you to participate by voting. Please sign and return the enclosed proxy in the envelope provided or follow the Internet or telephone voting procedures described on the proxy form.***

Sincerely,

Troy Todd
Secretary

April 17, 2019

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS

June 6, 2019

Energy and Environmental Services, Inc. (“EES” or “We”) welcomes you to our Annual Meeting of Shareholders. We engage in the oilfield chemical, anti-corrosive coatings, and biotech segments. We began in 1991, and our management has over 50 years of experience blending, manufacturing and packaging custom liquids and solid chemicals for the oil and gas and agricultural industries. Additionally, we have expanded to develop innovative products and applications for enzyme system technologies, livestock feed supplements, and specialized anti-corrosive coatings. The Annual Report accompanying this Proxy Statement contains more about our business.

We are furnishing this Proxy Statement to inform our Shareholders about the upcoming Annual Meeting. To encourage Shareholder participation, we are soliciting proxies to be used at the Annual Meeting.

We are mailing this Proxy Statement and the accompanying proxy card to Shareholders beginning April 17, 2019. Shareholders can also access the Proxy Statement and the Annual Report on our website, <https://eesokc.com/investors/>.

General Information

Who Votes. If you hold shares as of the Record Date, April 10, 2019, you may vote at the Annual Meeting. If you hold shares in “street name”, you may vote at the Annual Meeting only if you hold a valid proxy from your broker. On April 10, 2019, we had 48,352,644 shares of common stock issued and outstanding, which were held by 202 Shareholders of record. Each share is entitled to one vote.

How to Vote. You may vote by attending the Annual Meeting in person. If you are unable to attend, you can tell us how to vote your shares by any of the following means

- by completing, executing and returning the proxy or voting instruction form in a timely manner;
- by using a touch-tone telephone and complying with the telephone voting instructions on the voting instruction form for “street name” holders; or
- through the Internet, by complying with the Internet voting instructions on the proxy or voting instruction form.

For shareholders with shares registered in the name of a brokerage firm or bank, most brokerage firms and banks participate in a program for shares held in “street name” that offers telephone and Internet voting options. Shareholders with shares registered directly in their names with Corporate Stock Transfer, Inc. (“CST”), our transfer agent, will also be able to vote using the Internet. If your shares are held in an account at a brokerage firm or bank participating in this program, you may vote those shares by calling the telephone number specified on your proxy or accessing the Internet website address specified on your proxy instead of completing and signing the proxy itself. The giving a telephonic or Internet proxy

will not affect your right to vote in person if you decide to attend the Annual Meeting, by completing, executing and returning the proxy card in a timely manner.

The telephone and Internet voting procedures are designed to authenticate shareholders' identities, to allow shareholders to give their voting instructions, and to confirm that shareholders' instructions have been recorded properly. If you are voting by telephone or Internet, you may incur costs for telephonic or electronic access, such as usage charges from telephone companies and Internet access providers.

If you return a signed proxy or voting instruction card, but do not tell us how you want to vote, we shall vote your shares "for" all director nominees and ratification of the independent auditor appointment.

Canceling Your Proxy. You can cancel your proxy at any time before we cast your vote in any of three ways:

- by giving the Secretary a written cancellation;
- by giving a later signed proxy; or
- by voting in person at the Annual Meeting.

Counting the Necessary Votes. Directors are elected by a plurality of votes, which means that the director nominees for the positions to be filled (five positions) receiving the highest number of votes will be elected. To ratify the appointment of the independent audits, the ratification must receive a majority vote of the Shareholders present and voting at the Annual Meeting.

Shareholders present and voting do not include Shareholders who abstain from voting. Abstentions are counted as present at the Annual Meeting for purposes of determining whether a quorum exists, but are not counted as voting and thus have no effect on the outcome. Shareholders present and entitled to vote include Shareholders who abstain. Proxies submitted by brokers that do not indicate a vote for the proposal (usually because the brokers do not have discretionary voting authority and have not received instructions as to how to vote) are referred to as "broker non-votes". Broker non-votes are not counted as shares present and are not counted in determining whether a proposal is approved by a majority vote of the shares present and voting. Broker non-votes are counted in the total number of outstanding shares entitled to vote and would have the same legal effect as a vote against a proposal that requires an affirmative vote based on the number of outstanding shares entitled to vote.

ITEM 1 ELECTION OF DIRECTORS

The Shareholders will elect five directors at this year's Annual Meeting. Each director will serve for a one-year term ending at the 2020 Annual Meeting or until he is succeeded by another qualified director who has been elected.

We shall vote your shares as you tell us. If unforeseen circumstances (such as death or disability) make it necessary for the Board to substitute another person for any of the nominees, we will vote your shares for that other person unless you have withheld authority.

All five of the nominees for directors are presently members of the Board of Directors.

The Board of Directors recommends voting “For” the nominees.

Biographical Information

The following table sets forth the name and age of each director nominee and the year he became a director.

<u>Name</u>	<u>Age</u>	<u>Director Since</u>	<u>Position</u>
Leon Joyce	49	2017	Chairman of the Board and Chief Executive Officer
Todd Jelinek	50	2016	Director and President
Troy Todd	56	2017	Director and Chief Operating Officer
Mark Day	63	2017	Director
James Merrill	51	2017	Director

The Director Nominees. The Board of Directors has nominated five candidates for election. If elected, these nominees will serve one-year terms. A brief summary of each director nominee’s principal occupation, business affiliations and other information follows.

Leon Joyce became Chief Executive Officer in January 2018, and served as President from April 2017 to January 2018. Mr Joyce became a Director in June 2017. He joined us in 2007 as a sales and marketing representative in Oklahoma, Kansas and Colorado and became national accounts manager in 2011, Business Development Manager in 2013, Vice President of Sales in 2015, and Senior Vice President in November 2016. Mr. Joyce attended Marymount College and Benedictine College.

Todd Jelinek became President in January 2018 and was Chief Executive Officer from April 2017 to January 2018. He joined us in 2012 as our Research & Development Director and became Executive Vice President and a Director in September 2016. Mr. Jelinek has over 22 years’ experience in research and development in the areas of biotechnology, pharmaceutical and environmental sciences. He has a Bachelor of Science in microbiology and a minor in chemistry from South Dakota State University.

Troy Todd became Chief Operating Officer in April 2017 and a Director in June 2017. He joined us in 2001 as a coating technician and became inventory/ procurement manager in 2007, Manager of Solid Chemical in 2010, Manager of the Chemical Division in 2011, Director of Operations for EES in 2014, and Vice President of Operations in November 2016. Mr. Todd has an Associate degree in business management from Oklahoma State University.

Mark Day became a Director in June 2017. He is the co-owner and President of Opeco, Inc. a privately held sales and distribution company with over 40 employees in seven locations in five states. Before forming Opeco in 1984, he worked in various capacities with Bethlehem Steel. Mr. Day holds a Bachelor of Science degree in business education from the University of Wyoming.

James Merrill became a Director in October 2017. He has served as the Chief Financial Officer of Flogistix, LP since 2014. From 2006 to 2014, he was the CFO or Controller for GMX Resources, Inc., a small cap, publicly held oil and gas exploration and production company. GMX Resources was reorganized in a Chapter 11 bankruptcy in 2013 and 2014. Mr. Merrill has over 15 years' experience with publicly traded companies either in a controller or CFO position. Upon graduating from college, Mr. Merrill spent eight years with Deloitte & Touche in the firm's audit practice. He is a certified public accountant and has a Bachelor of Business Administration in finance and accounting from the University of Oklahoma.

OTHER INFORMATION ABOUT DIRECTORS, OFFICERS AND CERTAIN SHAREHOLDERS

Stock Ownership of Management and Certain Shareholders

The following table sets forth certain information regarding the beneficial ownership of our Common Stock as of April 10, 2019, by (a) each director and nominee, (b) each NEO in the Summary Compensation Table, (c) each person that we know or believe to own beneficially five percent or more of the Common Stock, and (d) all directors and NEOs as a group. Unless indicated otherwise, each person has sole voting and dispositive power with respect to the shares.

<u>Name of Director, Executive Officer, or Shareholders Holding 5% or More</u>	<u>Beneficial Ownership⁽¹⁾</u>	
	<u>Number of Shares</u>	<u>Percent</u>
Melvin Smith Revocable Trust Vickie Smith, Trustee 602 Carlyon Avenue SE Olympia, WA 98501	13,250,000	27.4%
Leon Joyce	1,250,050	2.6%
Todd Jelinek	1,280,088	2.6%
Troy Todd	1,250,000	2.6%
Mark Day	30,000	*
James Merrill	25,000	*
George Shaw 17504 Cranbrook Rd. Edmond, OK 73015	4,071,600	8.5%
Scott Shaw 6500 NW Grand Blvd., #139 Oklahoma City, OK 73116	3,643,780	7.5%
All directors and named executive officers as a group (5 persons)	3,835,138	7.9%

* Less than one percent.

(1) Disclosures regarding "beneficial ownership" are made as that term is defined under Federal securities laws.

Corporate Governance

Board Composition and Meetings. Our Board of Directors is currently composed of five directors. The Board has determined that two of the directors, Mark Day and James Merrill, are independent.

In 2018, the full Board met four times with all directors attending. The Board acted six times by written consent during the year. Management also periodically conferred with directors between meetings regarding our affairs.

The Compensation Committee. The Compensation Committee is composed of Mr. Day (Chair) and Mr. Merrill. It met once in 2018 with both members participating physically or telephonically. The Committee also acted once by written consent. It sets the compensation levels of the Chief Executive Officer and the other executive officers, and oversees the operation of the equity incentive program and other employee benefits.

The Audit Committee. The Audit Committee is composed of Mr. Merrill (Chair) and Mr. Day. After terminating our registration under the Securities Exchange Act of 1934 (the “Exchange Act”) in 2011, we stopped auditing our financial statements. We intend to register under the Exchange Act and will resume financial audits. The Audit Committee oversees our progress toward audited financial statements by independent auditors. It has selected Hogan Taylor LLP to audit our 2019 financial statements and has worked with them to implement an internal system of financial controls as a foundation for an audit. The Audit Committee’s duties include: (a) recommending the selection of independent auditors, (b) reviewing the scope of the audit to be conducted by them, as well as the results of their audit, (c) reviewing our financial reporting and accounting standards and principles followed, (d) evaluating our internal controls, and (e) overseeing our risk management program. The Audit Committee did not meet in 2018, but will meet in 2019. We certify that we have adopted a formal written audit committee charter and that the Audit Committee reviews and reassesses the adequacy of the charter annually. Charters for our Audit and Compensation Committees are posted on our website at www.lphi.com.

Director Nominations. The Board has not delegated its functions to any other standing committees, and thus has not created executive, nominating or other similar committees. The task of nominating directors is undertaken by the full Board. In selecting candidates for director appointments or reelection, the Board believes that it should be composed of directors having a diversified background of knowledge and management expertise. We do not have a formal policy about the consideration of diversity in identifying director nominees, but the Board seeks directors with a variety of complementary skills and perspectives so that, as a group, the Board will possess the appropriate talent, skills, and expertise to oversee our business. The Board considers independence, diversity, age, skills, expertise, time availability, and industry backgrounds in the context of the needs of the Board and EES. The Board ensures that at least two nominees qualify as “independent” under applicable SEC and NASDAQ rules, that members of our Audit Committee meet the financial literacy and sophistication requirements, and that at least one of them qualifies as an “audit committee financial expert” under the SEC rules. Although the Board uses these and other criteria to evaluate potential nominees, we have no stated minimum criteria for nominees. The Board would apply the same standards to evaluate nominees whether they are proposed by our directors and management or by our shareholders.

Annual Meeting Attendance. We have a policy of encouraging all directors to attend the Annual Meetings. All our directors attended last year’s Annual Meeting.

Outside Director Compensation. During 2018, the directors were not compensated for their service. In 2018, we began compensating our outside directors \$500 per committee meeting attended physically \$250 for telephonically attended meetings. In 2019, we intend to begin compensating our outside directors \$500 per board or committee meeting attended physically and \$250 for telephonically attended meetings. We also reimburse all ordinary and necessary expenses, including travel expense, incurred in the conduct of our business.

In 2018, we provided the following compensation to our non-employee directors.

<u>Name</u>	<u>Director Fees⁽¹⁾</u>	<u>Stock Awards⁽²⁾</u>	<u>Total(\$)</u>
Mark Day	\$500	\$4,250	\$4,750
James Merrill	\$500	\$4,250	\$4,750

(1) The director fees were paid in 2019 for a committee meeting in 2018.

(2) On December 26, 2018, we granted to each outside director 25,000 shares of restricted stock, which vest over a three-year period. The entire grant, regardless of vesting, was valued at \$4,250, calculated based upon the closing price of a share of Common Stock on the date of grant.

Director Insurance and Indemnity. We maintain directors’ and officers’ liability insurance policies covering our directors and officers in the course of their service. Our bylaws provide for mandatory indemnification and advancement to hold our directors and executive officers harmless in the event claims are made against them in the course of their service.

Director Communication. Shareholders may send communications to the Board (and to individual directors) through Mr. Troy Todd, Secretary, Energy and Environmental Services, Inc., 6300 Boucher Drive, Edmond, Oklahoma 73034, and telephone 800-635-7716. He will forward to the directors all communications that, in his judgment, are appropriate for consideration by the directors. Comments or questions regarding our accounting, internal controls or auditing matters will be referred to members of the Audit Committee. Comments or questions regarding the nomination of directors and other corporate governance matters will be referred to all members of the Board.

Code of Ethics

We have adopted a Code of Ethics that applies to our directors, management and employees. The latest copy of our Code of Ethics is available under the heading “Governance” on our web site at <https://eesokc.com/investors/>. We intend to disclose future amendments to certain provisions of our Code of Ethics, or waivers of those provisions, at the same location on our web site.

Executive Compensation

The following table sets forth the compensation paid or accrued to the Chief Executive Officer, the President, and the Vice President of Operations (they are sometimes called the “named executive officers” or “NEOs”) for services performed in 2018 and 2017.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation		Other Annual Compensation(\$)
		Salary (\$)	Bonus(\$) ⁽¹⁾	
Leon Joyce Chief Executive Officer	2018	\$115,800	\$38,655	
	2017	\$106,605	\$5,000	-
Todd Jelinek President	2018	\$115,800	\$38,655	
	2017	\$65,000	\$5,000	-
Troy Todd Vice President of Operations	2018	\$115,800	\$38,655	
	2017	\$56,555	\$5,000	-

(1) Based solely on the Board’s discretion, upon recommendation of the Compensation Committee, bonuses are paid to the NEOs.

(2) We have a 401K program for employees, but do not match contributions.

Employment Agreements

We have entered into written employment agreements with each of the Named Executive Officers. These employment agreements provide for “at will” employment. The agreements define the rights and responsibilities of each party, including the rights and responsibilities upon termination of employment. Upon involuntary termination for death or disability, for voluntary terminations by the executive officer, for terminations by EES with or without cause, the executive officer receives only his accrued compensation (including accrued vacation) through the termination date. For terminations after a change in control or for good reason, the executive officer will receive compensation through the end of the employment year and an additional six months’ compensation. “Good reason” is defined as the executive officer’s termination after a reduction in compensation, an assignment of duties inconsistent with his office, or an assignment of duties in an office more than ten miles from his present office. The agreements prohibit the executive officer from disclosing our confidential information or business practices or engaging directly or indirectly in competition with us. The executive officer is also prohibited from competing against us or soliciting our clients for two years after his employment terminates.

Outstanding Equity Awards at Year-End

We have not granted any restricted stock or other equity awards to the named executive officers, and they held no outstanding options or awards as of December 31, 2018.

ITEM 2 RATIFICATION OF AUDITORS

Vote on the Independent Auditors

On the recommendation of the Audit Committee, the Board of Directors appointed Hogan Taylor, LLP, independent certified public accountants, to audit the consolidated financial statements of the Company for the year ended December 31, 2019. The Company is advised that no member of Hogan Taylor, LLP, has any direct or material indirect financial interest in the Company or, during the past three years, has had any connection with the Company in the capacity of promoter, underwriter, voting trustee, director, officer or employee. Ratification of the Board's appointment shall be effective upon receiving a majority vote of the Shareholders present and voting at the Annual Meeting.

The Board of Directors recommends voting "For" this proposal.

If the appointment is not ratified, the Board of Directors will consider the appointment of other independent auditors. A representative from Hogan Taylor, LLP, is expected to be present at the Annual Meeting, will be offered the opportunity to make a statement, and will be available to respond to appropriate questions.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Person Transactions

We own 50% of Vortex Oilfield Products, LLC ("*Vortex*"), which was formed in 2017 to market and distribute pump barrels coated with our anti-corrosive Enduro-Bond® coating. The other 50% owner is Daxon Investments, LLC ("*Daxon*"), which is 50% owned and managed by our director, Mark Day. Mr. Day and Leon Joyce are the managers of Vortex. Under the arrangement, Vortex buys the pump barrels and has contracted with us for an exclusive ten-year term to coat the pump barrels at our standard pricing. In 2017 and 2018, Vortex paid us \$1,780 and \$34,620, respectively, for coating pump barrels. Once coated, Vortex distributes the pump barrels through direct sales and sales representatives. Vortex has contracted with Opeco, Inc., which is also partially owned and managed by Mr. Day. Under the distribution agreement, Opeco purchases the coated pump barrels from Vortex at a discount and distributes them within the states of Oklahoma, Arkansas, Kansas, Alabama, Mississippi, McCook County, Nebraska, certain counties in northern Louisiana, and certain counties in northern and eastern Texas and the Texas panhandle.

We entered into these arrangements in 2017, but spend most of the year testing the product coating to ensure proper performance. Our direct investment in 2017 was approximately \$2,000 plus time and materials in product testing. We have invested \$27,283 in 2018. Daxon has invested like amounts. Opeco bought \$6,325 in pump barrels from Vortex in 2017 and \$135,981 in 2018. We are ramping up production and anticipate that our contributions to Vortex, payments received for product coating, and product purchase payments from and sales commissions to Opeco will increase significantly in 2019.

We have a separate distribution agreement with Opeco for the sale of our coating products. The agreement covers the same territory as the Vortex distribution agreement described above. Opeco receives a 10% sales commission on coating sales within the

territory and may buy coating products from us at a 20% discount for resale. In 2017 and 2018, we paid Opeco \$11,600 and \$19,100, respectively, for sales under the distribution agreement. Opeco purchased \$76,850 of coatings from us in 2018, and \$54,316 of coatings in 2017.

We believe that these arrangements are appropriate and the payments are reasonable and equal to or less than amounts that would be payable to an unaffiliated third party for comparable service.

Related Person Transactions Policy and Procedures

We have a corporate policy for the identification, review, consideration and approval or ratification of “related person transactions”. For purposes of our policy only, a “related-person transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any “related person” are participants involving an amount that exceeds \$10,000. Transactions involving compensation for services provided to us as an employee, director, consultant or similar capacity by a related person are not covered by this policy. A related person is any executive officer, director, or more than 5% shareholder, including any of their immediate family members, and any entity owned or controlled by those persons. The Board has adopted a written policy covering relating party transactions.

OTHER INFORMATION ABOUT THE ANNUAL MEETING

Other Matters Coming Before the Meeting

As of the date of this Proxy Statement, we know of no business to come before the Annual Meeting other than that referred to above. Our rules of conduct for the Annual Meeting prohibit the introduction of substantive matters not previously presented to the Shareholders in a proxy statement. As to other business, such as procedural matters that may come before the meeting, the person or persons holding proxies will vote those proxies in the manner they believe to be in the best interests of us and our Shareholders.

Shareholder Proposals for the Next Annual Meeting

Any shareholder proposal intended for inclusion in our Proxy Statement for the 2020 Annual Meeting must be received at our offices, 6300 Boucher Drive, Edmond, Oklahoma 73034, no later than March 1, 2020. Any shareholder proposals received after this date will be considered untimely.

Shareholders who intend to present a proposal at the 2020 Annual Meeting without including the proposal in our Proxy Statement, or who propose to nominate a person for election as a director at the 2020 Annual Meeting, are required to provide notice of the proposal or nomination, containing the information required by our Bylaws, to us no more than 120 days or less than 90 days before the one-year anniversary of the 2019 Annual Meeting.

Additional Information

We bear the cost of soliciting proxies. Our officers and regular employees may solicit proxies by further mailings, personal conversations, or by telephone, facsimile or other electronic transmission. They will do so without compensation other than their regular compensation.

Our Annual Report and past newsletters are available without charge to any Shareholder, upon request, by calling 800-635-7716 or writing to Mr. Troy Todd, Secretary, Energy and Environmental Services, Inc., 6300 Boucher Drive, Edmond, Oklahoma 73034.

By Order of the Board of Directors

Troy Todd
Secretary

April 17, 2018